

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL -- MAKE CHANGES AS NECESSARY

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W-01774A
Picacho Water Improvement
P. O. Box 44
Picacho AZ 85421

ANNUAL REPORT

RECEIVED

JAN 05 2006

FOR YEAR ENDING

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

12	31	2004
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FOR COMMISSION USE

ANN04	04
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**Board of Directors
Picacho Water Improvement Corp.
Picacho, Arizona 85241**

We have compiled the income and balance sheet information-income tax basis of Picacho Water Improvement Corporation, as of December 31, 2003 and 2004 and the related comparative statements of income and expenses-income tax basis for the years then ended, included in the accompanying prescribed form, in accordance with statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form. The financial information has been prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our compilation was limited to presenting in the form prescribed by the Arizona Department of Revenue information that is the representation of management. We have not audited or reviewed the financial information and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The financial information and supplementary information are presented in accordance with the requirements of the Arizona Department of Revenue Property Tax Function, which differ from income tax basis of accounting. Accordingly, the financial information and supplementary information are not designed for those who are not informed about such differences.

King, Harry

June 29, 2005

COMPANY INFORMATION

Company Name (Business Name) <u>Picacho Water Improvement Corporation</u>			
Mailing Address <u>P O Box 44</u>			
<u>Picacho</u> (City)	<u>Arizona</u> (State)	<u>85241</u> (Zip)	
<u>520-466-3787</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>Same</u>			
<u></u> (City)	<u></u> (State)	<u></u> (Zip)	
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Ed Kile</u>			
<u></u> (Name)		<u>Manager</u> (Title)	
<u>P O Box 44</u> (Street)	<u>Picacho</u> (City)	<u>Arizona</u> (State)	<u>85241</u> (Zip)
<u>520-466-3787</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Ed Kile</u>			
<u></u> (Name)		<u></u> (Title)	
<u>P O Box 44</u> (Street)	<u>Picacho</u> (City)	<u>Arizona</u> (State)	<u>85241</u> (Zip)
<u>520-466-3787</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Ed Kile

(Name)

(Street)

(City)

(State)

(Zip)

520-466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Robert Lynch

(Name)

340 E Palm Ln

(Street)

Phoenix

(City)

Arizona

(State)

85004

(Zip)

602-254-5908

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)☒ C Corporation (C) (Other than Association/Co-op)☐ Partnership (P)☐ Subchapter S Corporation (Z)☐ Bankruptcy (B)☐ Association/Co-op (A)☐ Receivership (R)☐ Limited Liability Company☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE☐ COCHISE☐ COCONINO☐ GILA☐ GRAHAM☐ GREENLEE☐ LA PAZ☐ MARICOPA☐ MOHAVE☐ NAVAJO☐ PIMA☒ PINAL☐ SANTA CRUZ☐ YAVAPAI☐ YUMA☐ STATEWIDE

COMPANY NAME Picacho Water Improvement Corporation

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		700
304	Structures and Improvements	933	933	-0-
307	Wells and Springs	7,479	4,618	2,861
311	Pumping Equipment	80,381	73,815	6,566
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619	25,619	-0-
331	Transmission and Distribution Mains	61,778	61,778	-0-
333	Services			
334	Meters and Meter Installations	4,320	4,085	235
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555	1,555	
341	Transportation Equipment	9,245	9,245	
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251	3,251	
	TOTALS	195,261	184,899	10,362

This amount goes on the Balance Sheet Acct. No. 108

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7,479	20%	225
311	Pumping Equipment	80,381	20%	850
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25,619		
331	Transmission and Distribution Mains	61,778		
333	Services			
334	Meters and Meter Installations	4,320	20%	51
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,555		
341	Transportation Equipment	9,245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3,251		
	TOTALS	195,261		1,126

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 26,049	\$ 32,164
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	18,468	9,778
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	298	325
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 44,815	\$ 42,267
	FIXED ASSETS		
101	Utility Plant in Service	\$ 195,261	\$ 195,261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	183,774	184,899
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 11,487	\$ 10,362
	TOTAL ASSETS	\$ 56,302	\$ 52,629

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
		\$	\$
231	Accounts Payable		
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	7,002	7,522
236	Accrued Taxes	1,727	2,364
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 8,729	\$ 9,886
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 27,957	\$ 20,780
	DEFERRED CREDITS		
		\$	\$
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 36,686	\$ 30,666
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 13,339	\$ 13,339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	6,277	8,624
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 19,616	\$ 21,963
	TOTAL LIABILITIES AND CAPITAL	\$ 56,302	\$ 52,629

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 60,160	\$ 59,648
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 60,160	\$ 59,648
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	11,505	10,780
618	Chemicals		
620	Repairs and Maintenance	8,393	5,191
621	Office Supplies and Expense	6,799	1,665
630	Outside Services	12,700	15,741
635	Water Testing	528	1,021
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	1,276	1,299
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	2,485	7,713
403	Depreciation Expense	1,126	1,126
408	Taxes Other Than Income	3,596	3,233
408.11	Property Taxes	4,240	4,410
409	Income Tax	1,474	691
	TOTAL OPERATING EXPENSES	\$ 54,122	\$ 52,870
	OPERATING INCOME/(LOSS)	\$ 6,038	\$ 6,778
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 38	\$ 28
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	822	4,459
	TOTAL OTHER INCOME/(EXPENSE)	\$ 784	\$ 4,431
	NET INCOME/(LOSS)	\$ 5,254	\$ 2,347

See Accountant's Report

COMPANY NAME	Picacho Water Improvement Corporation
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	11-18-71	8-6-80	10-28-03	
Source of Loan	FHA	FHA	Sunstate Bank	
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 30,000	\$ 25,000	\$ 15,000	\$
Amount Outstanding	\$ 8,256	\$ -0-	\$ 12,524	\$
Date of Maturity	5-2017	7-2004	11-2008	
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$ 1,003	\$ 4,129	\$ 2,046	\$

Meter Deposit Balance at Test Year End

\$ _____

Meter Deposits Refunded During the Test Year

\$ _____

COMPANY NAME	Picacho Water Improvement Corporation
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WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
622043	40	300	14"	20"	6"	1961
622044	25	65	12"	10"	3"	1961

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
50	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
200,000	1	7,500	1

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		3,000
5		
6		5,000
8		6,000
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	117
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

See Accountant's Report

COMPANY NAME: Picacho Water Improvement Corporation

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	129	1333	1694
FEBRUARY	137	1310	1664
MARCH	132	1418	1801
APRIL	134	2,279	3430
MAY	134	2472	3271
JUNE	133	3015	3829
JULY	132	2457	3120
AUGUST	134	2775	3493
SEPTEMBER	130	2026	2991
OCTOBER	133	1743	2241
NOVEMBER	137	1328	1751
DECEMBER	136	1020	1757
TOTAL			31041

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation **YEAR ENDING 12/31/2004**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 4,410

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	3,047
Estimated or Actual Federal Tax Liability	461

Estimated or Actual Federal Tax Liability	461
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State Taxable Income Reported 4,430

Estimated or Actual State Tax Liability	230
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Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____

Amount of Gross-Up Tax Collected _____

Total Grossed-Up Contributions/Advances

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE _____

PRINTED NAME**TITLE**

See Accountant's Report

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

JAN 05 2006

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pinal</u>
NAME (OWNER OR OFFICIAL) TITLE <u>David K Holmes</u>
COMPANY NAME <u>Picacho Water Improvement Corporation</u>

**AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 59,648

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3,233
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

COUNTY NAME	
MONTH	20__

(SEAL)

SIGNATURE OF NOTARY PUBLIC _____

MY COMMISSION EXPIRES _____

See Accountant's Report

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

JAN 05 2006

**AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) David K Holmes	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH 12	DAY 31	YEAR 2004
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 44,736

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 2,425
IN SALES TAXES BILLED, OR COLLECTED)**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	, 20__

X

SIGNATURE OF NOTARY PUBLIC

See Accountant's Report